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## DOCUMENTS, REPORTS, AND LEGISLATION

### Industries and Commerce

**REPORT ON THE MEAT-PACKING INDUSTRY.** In February, 1917, President Wilson directed the Federal Trade Commission to investigate the production, ownership, manufacture, storage, and distribution of foodstuffs and their by-products; and to determine whether there were "manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest." An important branch of this investigation into foodstuffs was the study of the meat-packing industry (*Report of the Federal Trade Commission on the Meat-Pack ing Industry*, Summary and Part I, 1919, pp. 574; Part II, 1918, pp. 290; Part III, 1919, pp. 325).

The report of the commission does not cover the whole of the meat industry. The commission in carrying out a request of the President that it coöperate with the Department of Agriculture agreed that the department should investigate the production of livestock and its marketing up to the point of the stockyards, and should also investigate the retail distribution of meat products; while the commission should inquire into the slaughtering of livestock, the wholesale distribution of meat products, and the activities of the packing companies generally.

The commission in presenting its report complains rather bitterly of the difficulties it encountered in making its investigation. It asserts that the big packers deliberately falsified returns that the commission had authority to demand; that the records of the companies, particularly their stockholders' lists, were constructed to conceal rather than reveal the facts; that letters and documents vital to the investigation were removed or destroyed; that schools were maintained for employees likely to be called to testify; and that the answers to the commission's questionnaires were prepared by the packers more or less in unison in order that they might not contradict one another. Notwithstanding these difficulties the commission succeeded in unearthing a large amount of information, documentary and other, which it now presents with the assurance that the facts disclosed underestimate rather than exaggerate the gravity of the food situation.

The commission finds that the meat-packing industry is dominated by five leading packers, which it calls the Big Five. These five, in the order of their importance, are: Swift and Company, Armour and Company, Morris and Company, Wilson and Company, and Cudahy

Packing Company. For some thirty years various packers, including at all times the Swift, Armour, and Morris companies, have been associated in pools of one kind or another. In 1903 the principal packers came within an ace of merging their properties in a single company, but the premonition of the stock market panic of 1903 prevented this project from being carried through. After 1903 and until 1912 the three leading packers kept in close touch with one another through the National Packing Company, a company organized to hold certain independent properties that had been acquired by the Swift, Armour, and Morris companies in the interests of the merger. The National Packing Company provided an excellent agency for the determination of general policies and for the control of the trade; for its directors were all representatives of the three leading packers. Since the dissolution of the National Packing Company in 1912, under threat of a civil suit, the combination among the Big Five has largely taken the form of a livestock pool, whereunder the purchases of livestock sent to market are made in accordance with definite percentages, which are subject to revision from time to time as fundamental conditions change. This division of livestock purchases not only automatically regulates the relative volume of business of the Big Five, but insures substantial uniformity in the prices paid for livestock and thus in the prices at which dressed meats are sold. The meat combination is therefore essentially a pool, yet a highly effective one because of the unity of purpose that animates its members. It is not, however, the commission asserts, merely a casual agreement, but a positive conspiracy for the regulation of the purchases of livestock and the sales of meat, the terms of which are established through documentary evidence found in the files of the packing companies. That the packers were aware of the illegality of this arrangement is evidenced, it is held, by the employment in their minutes and memoranda of fictitious names, Mr. Armour, for example, being known as Sanford, and Mr. Morris as Klee.

The dominant position of the Big Five in the meat-packing industry is shown by the figures for the total slaughter of animals by all concerns engaged in interstate commerce in meat. In 1916 the Big Five killed 86.4 per cent of the sheep and lambs slaughtered by companies distributing meat in interstate commerce; 82.2 per cent of the cattle; 76.6 per cent of the calves; and 61.2 per cent of the hogs. For all of these animals combined the proportion of the Big Five was 69.1 per cent, the explanation of the lower percentage being that the slaughter of hogs, in which their control was least, much exceeds the combined slaughter of cattle, calves, and sheep. If we include the slaughter of

independent packing companies not engaged in the interstate distribution of meat—wholesale local slaughterers the commission calls them—the Big Five controlled 63.4 per cent of the slaughter of livestock, as compared with 69.1 per cent with these concerns excluded.

In objecting to these conclusions the packers claim that they handle not to exceed one third of the meat production of the United States. The wide discrepancy between the two figures the commission attributes to the failure of the packers to include the slaughter of affiliated companies and to the inclusion by them of the animals killed on farms for home consumption. The reasons of the commission for not including farm and retail butchering in determining the strength of the packers are discussed in the report.<sup>1</sup>

The power of the Big Five is only partially indicated by a statement of their position in the meat-packing industry. As the commission points out, they not only dominate the meat business but a large number of by-product industries; and they are steadily reaching out for mastery over commodities that may be substituted for meat and its by-products, not to mention commodities in entirely unrelated lines. The Big Five produce 22 per cent of the sole leather produced in this country; 19 per cent of mixed fertilizers; 11.8 per cent of acid phosphate; and 31.8 per cent of refined cottonseed oil. They handle more than half of the poultry, eggs, and cheese distributed in interstate commerce; and the leading packer (Swift and Company) is the biggest distributor of butter in the United States. They are important factors in the production and distribution of condensed milk, canned fruits, canned vegetables and canned fish. The rapid development of this branch of the business is shown by the increase in the sale of canned goods by Armour and Company. In 1916 this company sold \$6,500,000 of canned goods and in 1917 about \$16,000,000, whereas the combined sales in the latter year of Austin Nichols Company and Sprague, Warner and Company, two of the leading independent wholesale houses, were only about \$6,000,000. Recently the Big Five have begun to deal in various staple groceries and vegetables, notably rice, potatoes, beans, and coffee. What can be accomplished in this direction is indicated in the fact that early in 1917 Armour and Company first began to handle rice, and during the course of the year it sold over 16,000,000 pounds, becoming within the space of one year the leading distributor of rice in the world. The Armour Grain Company, owned by the head of Armour and Company, handled in 1917 nearly one fourth of the grain receipts at Chicago, the world's

<sup>1</sup> Part I, p. 116 ff.

greatest grain market. The meat combination has thus not only integrated its business fully, but has actually passed over into the stage of conglomeration; and at the present rate of expansion will control within a few years, according to the commission, the wholesale distribution of the nation's food supply.

By what means have the Big Five been enabled to realize this dominating position in industry? The commission attributes it not primarily to exceptional efficiency but to monopolistic control of the distributive machinery. Thus the Big Five largely control the stockyards, with their collateral institutions such as terminal railways, exchange buildings, cattle-loan banks, and market papers. They have a majority interest in 22 of the 50 livestock yards of the country; and through these 22 yards there pass 56.8 per cent of all the animals that are received at livestock markets. They have a minority interest in 6 additional yards through which 27.7 per cent of the animals pass; and because of the fact that they constitute the principal buyers of livestock they can usually exercise control even though owning only a minority interest. Over 84 per cent of the animals, therefore, move through yards over which the Big Five exercise complete or practical control.

The Big Five also have an important advantage through the ownership of private refrigerator cars for the transportation of all kinds of perishable foods. They own nearly 92 per cent of the beef refrigerator cars that are operated upon the railroads of the country, whereas the independents own only 7 per cent. The railroads own practically none, and therefore unless an independent concern does enough business to justify the purchase of refrigerator cars it is quite restricted in its market.

The Big Five distribute their products through a system of branch houses and "peddler car" routes. The branch houses are storage stations designed to receive food products from the packing plants, and are located in the larger towns. The peddler cars are essentially miniature branch houses on wheels, and are intended to serve the smaller communities whose consumption is not large enough to justify the establishment of a branch house. This system of wholesale distribution through branch houses and peddler cars the commission declares to be the bulwark of the monopoly; there is virtually no limit to its expansion, it says, short of the complete monopolization of the primary distribution of the country's food. In this connection it is worthy of note that the Big Five through direct and indirect ownership are said to control nearly 45 per cent of all the cold storage space in the country.

Having shown that a packer domination of all the important foods is approaching in this country, and having found the advantage of the packers to be based on a monopolistic control of the market places and the means of transportation and distribution the commission recommends:

1. That the Government acquire, through the Railroad Administration, all rolling stock used for the transportation of meat animals and that such ownership be declared a Government monopoly.
2. That the Government acquire, through the Railroad Administration, the principal and necessary stockyards of the country, to be treated as freight depots and to be operated under such conditions as will insure open, competitive markets, with uniform scale of charges for all services performed, and the acquisition or establishment of such additional yards from time to time as the future development of live-stock production in the United States may require. This to include customary adjuncts of stockyards.
3. That the Government acquire, through the Railroad Administration, all privately owned refrigerator cars and all necessary equipment for their proper operation and that such ownership be declared a Government monopoly.
4. That the Federal Government acquire such of the branch houses, cold-storage plants, and warehouses as are necessary to provide facilities for the competitive marketing and storage of food products in the principal centers of distribution and consumption. The same to be operated by the Government as public markets and storage places under such conditions as will afford an outlet for all manufacturers and handlers of food products on equal terms. Supplementing the marketing and storage facilities thus acquired, the Federal Government establish through the Railroad Administration, at the terminals of all principal points of distribution and consumption, central wholesale markets and storage plants, with facilities open to all upon payment of just and fair charges.<sup>2</sup>

The report, covering as it does such a wide range, touches on a large number of topics that will prove of interest to specialists in various lines. Some of these topics are here noted: relative efficiency of the Big Five and the independent concerns (I, 74, III, 117); list of commodities manufactured or distributed by the Big Five (I, 95); chronological view of packers' progress, 1857-1917 (I, 235); description of by-products (I, 369, 545); views of the Big Five and the small packers (I, 408, 471); stocks of meat (I, 488); questionnaires used by the commission (I, 508); history of meat pools (II, 11); the live-stock pool (II, 28); the international meat pool (II, 99); combination

<sup>2</sup> For a criticism of the report of the commission and its recommendations, see Weld, "The Government and the Packers," *Annals of Am. Acad. Pol. & Soc. Sci.*, vol. 82, pp. 175-182.

in the sale of meats in this country (II, 107); the formation of Wilson and Company (II, 159); business functions of the stockyards (III, 16); map of the stockyard markets (III, 27); country buying of livestock (III, 110); distribution of meat products (III, 116); map showing location of branch houses (III, 129); unfair practices in the rendering business (III, 156); discussion of the Chicago stockyards situation (III, 189); and detailed statistics of the concentration of interstate and local wholesale slaughtering in 1916 (III, 311).

The report unfortunately contains no index. In a document of this size covering such a great variety of matters this cannot be regarded as otherwise than a serious defect.

ELIOT JONES.

*Leland Stanford University.*

THE CANADIAN WHEAT BOARD. During the seasons of 1917 and 1918, the grain crops of Canada were under the control of a Board of Grain Supervisors, exercising power in accordance with an Order in Council of June 11, 1917, and later orders.

In view of the prospective uncertainty of prices and the instability of the market for the wheat crop of 1919, it was believed by the Canadian government that, in order to insure the early and steady movement of the crop and a fair price to producers, it was desirable that action should be taken looking toward the purchase, storage, movement, financing, and marketing of the wheat crop of 1919, and such other Canadian wheat as was undelivered on August 15, 1919, when the Board of Grain Supervisors would cease to function (see *Commerce Reports*, August 11 and 19, 1919). Accordingly, an Order in Council was passed on July 31 last, establishing the Canadian Wheat Board; it consists of ten members, and the chairman is Mr. James Stewart of Winnipeg.

This body has been granted extensive powers in connection with the buying and selling of wheat and flour. It has authority to take delivery of the grain at such places in Canada as it may designate. Payment is made to the producers or to other persons delivering the wheat in accordance with a schedule of prices, prepared by the board and approved by the government, in which due consideration is given to grade or quality and place of delivery. The board is further authorized to sell wheat to Canadian millers at prices and conditions to be determined by itself; the price is to be governed as nearly as possible by the price of the commodity of the same grade in the world's market, regard being had to cost of transportation, handling, and storage. If

wheat is delivered in excess of domestic requirements, as would of course be the case, it may be sold to overseas purchasers. Provision has been made whereby the producers or others delivering the wheat to the board shall be given "participation certificates" which entitle the holders to share pro rata, at a later date, in any profits accruing from the buying and selling transactions of the board.

The method of paying for the wheat when delivered is provided for. Payment is made through chartered banks upon presentation to them of vouchers issued by the board. The government guarantees the repayment to the banks, with interest not to exceed 6 per cent, such sums as are paid out by them in honoring such vouchers.

With reference to milling, the board has power to determine the qualities of flour to be manufactured, and to fix maximum prices or margins of profit at which mill products shall be sold. Flour may be purchased from millers at a price to be determined by the board, and sold at home and abroad. Authority is given to control in whatever manner it may seem advisable the export and sale of flour abroad. With reference to transportation facilities as bearing upon the board's activities in buying, selling, and delivering wheat and flour, it may allocate Canadian lake tonnage and distribute cars for shipments by rail.

*Yale University.*

AVARD L. BISHOP.

**MANUAL FOR THE OIL AND GAS INDUSTRY.** With the assistance of other federal bureaus, notably the Bureau of Mines, Geological Survey, and Fuel Administration, the Treasury Department has compiled a manual of information for taxpayers deriving incomes from the oil and gas industry. Its chief interest to students of accounting and economics is its treatment of depletion and depreciation.

Part I consists of an amplification of the law and those regulations already issued which cover this industry. Part II contains estimates of the depreciation of equipment used in the oil and gas industry. Part III attempts to provide a scientific basis for the estimate of underground reserves of oil.

Considerable space is given to a clarification of the terms "capital sum" and "invested capital." These are distinct and almost entirely unrelated. The "capital sum" is the amount returnable to the taxpayer through depletion and depreciation allowances; the "invested capital" is the basis for determining war-profits credits and excess-profits credits. "Invested capital" is the actual cash or its equivalent, paid in, and no appreciation in value of assets may be included except

such proportion of depreciation or depletion which represents the realization of appreciation of value at March 1, 1913, or any subsequent date, and which is undistributed and used or employed in the business. The "capital sum," on the other hand, may represent borrowed funds, also amounts based upon a valuation as of March 1, 1913, or within thirty days after discovery of oil or gas by the taxpayer.

The manual contains not only those articles of "Regulations 45" treating depletion, depreciation, and amortization but also much additional matter intended to supplement them and to explain their application. Considerable space is also given to a discussion of the various methods of computing depletion of gas reserves, season for testing wells, and the keeping of adequate records thereof, and details as to the information required by the Treasury Department in substantiation of claims.

Part III, which comprises about one half of the volume, contains a most interesting application of plotted curves to the determination of the future productivity and the reserves of oil wells. It has been proven that the decline in productivity of oil wells follows a definite law which is stated thus:

"If two wells under similar conditions produce equal amounts during any given year the amounts they will produce thereafter, on the average, will be approximately equal, regardless of their relative ages."

Future production curves are given for all principal oil fields in the United States and these are also translated into tables which appear in the text of the manual.

EARL A. SALIERS.

*Yale University.*

The Bureau of Foreign and Domestic Commerce of the federal Department of Commerce has issued the following numbers:

Miscellaneous Series:

No. 76, *International Trade in Footwear Other than Rubber, Summarizing the Import Statistics of Boots and Shoes for 1908 and 1913*, prepared by Edward Whitney (Washington, 1919, pp. 93). This contains textual explanations showing the present state of market conditions in the various countries.

No. 81, *Selling in Foreign Markets; Selected Readings from Published Statements of Business Men and Reports of Experts on*

*Methods Employed in Export Trade*, compiled by G. E. Snider (pp. 638). The volume was prepared jointly by the Federal Board for Vocational Education and the Bureau of Foreign and Domestic Commerce. Among the chapter headings are: Survey of export sales problems; Study of the market; Direct sales problems; The export middleman; Agents and agencies; Traveling salesmen; Correspondence, catalogues, and advertising; Export combinations; Terms of payment; and Delivery of the goods. The extracts reprinted are selected from a wide range of material and bring together in a convenient form a large amount of material otherwise difficult to find.

No. 83, *Trade Directory of South Australia*, compiled by H. P. Starrett (pp. 31).

No. 95, *Consumption Estimates; Showing Production, Imports, Exports, and Amounts Available for Consumption of Various Articles in the United States by Years Specified* (pp. 559-572). This is taken from *Statistical Abstract of the United States, 1918*.

No. 96, *The Economic Position of the United Kingdom: 1912-1918*, by William A. Paton (pp. 160). This is the first of a series of studies of countries during the war which were prepared in connection with the general economic work carried on in the Bureau of Research and Statistics of the War Trade Board, and which are now being published by the Department of Commerce. The volume covers only the more important aspects of trade, industry, finance, and shipping. It does not include a consideration of the labor situation, social insurance, and other schemes of social reform.

Special Agents Series:

No. 177, *Boots and Shoes, Leather, and Supplies in Argentina, Uruguay, and Paraguay*, by H. G. Brock (pp. 182).

No. 179, *Boots and Shoes, Leather, and Supplies in Brazil*, by H. G. Brock (pp. 59).

No. 180, *Far Eastern Markets for Railway Materials, Equipment, and Supplies*, by F. Rea (pp. 339). Maps and photographs illustrate the economic development.

No. 185, *Advertising Methods in Chile, Peru, and Bolivia*, by J. W. Sanger.

## Tariff Series:

No. 39A, *Supplement to British Control of Imports and Exports*, by L. Domeratzky (pp. 16).

No. 40, *Customs Tariff of Nicaragua*, July, 1919 (pp. 102).

The Office of the Secretary of Labor at Washington is giving circulation to a report on *Employment and Natural Resources*, by Benton MacKaye, showing possibilities of making new opportunities for employment through the settlement and development of agricultural and forest lands and other resources (Washington, pp. 144, maps).

The United States Tariff Commission has issued in its Tariff Information series, No. 11, *Census of Dyes and Coal-Tar Chemicals, 1918* (pp. 102).

The second volume of the *Census of Manufactures, 1914* has been published by the Bureau of the Census. It contains reports for selected industries (Washington, pp. 1047).

The Bureau of the Census has issued its bulletin on *Municipal Markets in Cities Having a Population of over 30,000, 1918-1919* (pp. 56). It contains sections on: Financial administration of markets; Emergency distribution of food; Public-market law of Massachusetts; State aid to municipal markets in New York; and Community markets.

The federal Bureau of Mines has published in its Minerals Investigations series a pamphlet on *Zinc Industry in Belgium*, by March F. Chase (May, 1919, pp. 8).

The *Yearbook of the United States Department of Agriculture 1918* (Washington, 1919, pp. 760), contains articles on: Cattle loans and their value to investors, by C. S. Cole; Following the produce markets, by G. B. Fiske; Cotton warehousing, by R. L. Newton and J. M. Workman; and Arable land in the United States, by O. E. Baker and H. M. Strong.

*Marketing Papers* issued by the State Marketing Bureau of Florida contains in series 1, number 3 (Jacksonville, pp. 240) various articles on coöperative methods.

The Guaranty Trust Company of New York has issued pamphlets on *Financial and Business Conditions in the United States* (Sept. 20, 1919) and *American Goods and Foreign Markets* (Sept. 26, 1919).

Swift and Company have made an *Analysis and Criticism of Part II of the Report of the Federal Trade Commission on the Meat Packing Industry of November 25, 1918* (Apr. 5, 1919, pp. 97).

### Corporations

**REPORT OF THE COMMITTEE ON TRUSTS OF THE BRITISH MINISTRY OF RECONSTRUCTION.** In February, 1918, the Minister of Reconstruction, anticipating a probable extension of trade associations and combinations, appointed a committee to consider what action, if any, was necessary to safeguard the public interest. This committee, which included among its members Messrs. Percy Ashley, J. A. Hobson, and Sidney Webb, made its report in April, 1919 (*Report of the Committee on Trusts of the British Ministry of Reconstruction*, Imperial House, Kingsway, London, Cd. 9236, pp. 43, 6d.).

The report falls into five parts: first, the report and conclusions of the committee; second, a study of trade organizations and combinations in the United Kingdom, prepared by Mr. John Hilton (the secretary of the committee) from evidence presented to the committee; third, notes as to the law relating to combinations, written by Sir John Macdonell; fourth, a report on combinations in the building material trades; and, fifth, a memorandum on industrial combinations by Mr. Percy Ashley.

Easily the most valuable portion of the report is the study of trade organizations and combinations by Mr. Hilton, the secretary of the committee. Mr. Hilton divides his study into eight sections. The first treats of the transition from a state of competition to one of combination, and discusses the good in competition, the immorality and wastes of competition, and the possibilities of and impulse to combination. The statement of the "competitive theory," which the author regards as less and less applicable to the business life of to-day, is presented with unusual clearness. The remaining sections deal with types of combination, the extent and significance of combination, the achievements of combination (a discussion of economies), the dangers of combination, circumstantial safeguards, special cases and aspects (a discussion of "deferred rebates" and "tying clauses"), and finally remedies.

Special mention should be made of the section on circumstantial safeguards, in which the author effectually disposes of the argument that the public is protected by certain natural safeguards against the exactation by trusts of unreasonable prices. The natural safeguards referred to are: the effect of high prices on sales; the competition of other articles that may be substituted for the monopolized article; potential competition in the monopolized line; the balance of power among trusts, as where one trust is restrained by virtue of the fact that another trust constitutes its main market; the competition of coöperative

societies; foreign competition; and a sense of equity and prudence on the part of the trust managers. In a concise discussion the author shows the failure of these so-called safeguards to protect the public fully.

Coming to remedies, Mr. Hilton discusses briefly nationalization, public competition, profit limitation, excess profits taxes, publicity, state control of monopoly prices, and supervision generally. No panacea, however, is offered; the purpose of the author throughout the whole of his report is to present fairly the opposing considerations in order that the reader may form his own conclusions as to the advisability of permitting combinations to exist and as to the measures to be taken by the state in dealing with them.

The report and conclusions of the whole committee, though of less interest to economists, are likely to exert more legislative influence. The committee found that there was in every important branch of industry in the United Kingdom an increasing tendency to the formation of trade associations and combinations, having for their purpose the restriction of competition and the control of prices. This tendency had been notably strengthened by the circumstances of the war, under which the government had found it convenient to deal with organizations representative of the various trades. The committee expressed the opinion that the habit of coöperation and discussion on matters of common concern thus formed would do away with much of the antagonism that had formerly characterized the relations between manufacturers, and would promote the formation of associations and even more binding organizations. During the war, it observed, these organizations had been held in check by the Defence of the Realm Regulations and by the fact that the government in some instances constituted practically a consumer's combination. With the conclusion of peace, however, the government would possess less power; and it was therefore necessary, bearing in mind the dangers inherent in an agency that controls prices, to establish some governmental machinery to meet the new conditions. The recommendation of the committee was that there be created a tribunal for the investigation of the operation of combines and trusts similar to the commissions and tribunals in the United States and the British colonies. Some such legislation was held to be highly desirable in view of the public mistrust of combinations and in order to preserve the political and social stability of the state.

Four members of the committee, though they signed the report, because they agreed with its recommendations so far as they went,

issued an addendum to voice their opinion that these recommendations did not suffice to safeguard the public interest. In order to protect the community against the evils of private monopoly—the endeavor to prevent associations and combinations was held to be ineffective and unwise—the minority recommended that the monopolized services be performed by the coöperative societies (which had steadfastly refused to enter combinations), or by the municipalities, or, where the enterprise was national in scope, by the state. The minority did not recommend state operation in every case, yet it did express the earnest conviction that the best safeguard against private monopoly was socialization.

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The hearings before the Committee on Interstate Commerce, United States Senate, May 29, 1919, on *Relinquishment of Government Control of Telephone and Telegraph Lines* have been printed (Washington, pp. 124).

The Library of the Bureau of Railway Economics has prepared a typewritten bibliographical list entitled *Some Comments on the Plumb Plan*, revised (Washington, Sept. 20, 1919, pp. 20). This bureau has also issued a *List of References to Books and Articles on the Adamson Eight Hour Law of September, 1917*, revised (pp. 22).

The American Exchange National Bank has made a *Digest of Railroad Bills and Plans* (New York, pp. 23).

A summarized comparison of *Railroad Bills Now Before Congress* has been prepared in tabular form by the Equitable Trust Company of New York.

Among recent public utility reports are:

*Fourth and Fifth Annual Reports of the Public Utilities Commission of Colorado*, 1916-1918 (Denver, pp. 191).

*Seventh Annual Report of the Public Utilities Commission of Connecticut*, 1918 (Hartford, pp. 684).

*Thirty-fourth Annual Report of the Board of Gas and Electric Light Commissioners of Massachusetts*, 1918 (Boston, pp. 295, 532).

*Ninth Annual Report of the Board of Public Utility Commissioners of New Jersey*, 1918 (pp. 201).

*Twelfth Annual Report of the Public Service Commission, Second District, New York*, 1918, vol. I (pp. 653).

The *Laws of Colorado relating to Public Utilities* have been revised and reprinted as a separate (Denver, Public Utilities Commission, pp. 58).

## Labor

**THE NATIONAL INDUSTRIAL CONFERENCE.** When the National Industrial Conference convened in Washington, on October 6, it was without organization or program. The first three days of the conference were devoted to preliminary work of organization. No agenda having been prepared and no definite business being before the conference, the chairman on the fourth day requested the three groups to lay before it propositions upon which action was desired.

From the Public Group came a number of resolutions, including a plan prepared by the Secretary of Labor for the adjustment of labor disputes. These resolutions endorsed works councils, the stabilization of employment, the creation of a National Board of Conciliation and Arbitration, the right to organize for collective bargaining, and the passage by Congress of an anti-profiteering act similar to that of Great Britain. The resolutions emanating from the Public Group had each been presented by individuals and had been assented to by the group for formal presentation as germane to the purpose of the conference; in other words, the resolutions of the Public Group in no way indicated its attitude nor in any way prejudiced one way or the other the attitude of any individual composing it.

With the Labor Group the case was different. Mr. Gompers, in presenting the report of that group, stated that it had met for several days prior to the conference and had "reached an unanimous conclusion upon the subject-matter to present for the consideration of the conference. There is no pride of authorship in any of the proposals. They are the unanimous conclusions of our group."<sup>1</sup> The report was made up of a resolution for the arbitration of the steel strike and of eleven propositions. The conference was asked to declare in favor of:

1. The right of wage-earners to organize.
2. The right to bargain collectively through trade unions.
3. The right to be represented in negotiations and adjustments by representatives of their own choosing.
4. The right of free speech, press and assembly.
5. The right of employers to organize.
6. a. The eight-hour day, with one day's rest in seven.  
b. Time and one-half for overtime work.
7. The right of all wage-earners to a living wage.

<sup>1</sup> Official Proceedings, stenographic transcript, p. 173.

8. a. Equal payment for equal work for women.  
b. Preservation of the health of women workers.
9. Prohibition of the labor of children under sixteen.
10. Establishment of a national conference board and similar boards in the several industries with organization and objects similar to those of the Whitley Councils in Great Britain.
11. Prohibition of immigration into the United States until two years after the declaration of peace.

The following day the Employers' Group presented: first, a resolution relating to the appointment of a congressional committee to recommend a plan for coördination of all government reports and for the securing of industrial information through the census; and, second, a statement of principles to govern the employment relation in industry.

This statement of principles, it was explained, "was originally prepared by that section of the Employers' Group named by the National Industrial Conference Board, referred by the group to a committee composed of the various elements of the group . . . and, therefore, comes to the conference in that form; the authorship consequently being the original authorship of the [National] Industrial Conference Board with such changes as they accepted readily from the committee of the group."<sup>2</sup> These principles asserted:

1. Increased production is necessary, and restriction of production by either employer or employee is condemned.
2. The establishment and not the industry is to be regarded as the productive unit.
3. Conditions of work should be reasonably safe and satisfactory for the workers, and every effort should be made to give steady employment.
4. a. Wages should be sufficient to maintain a family at a reasonable standard of living with due regard for quantity and quality of productive effort, and value and length of service.  
b. Women should receive equal pay with men for equal work and be given equal opportunity for advancement.
5. a. The standard of the work schedule should be the week, with one day's rest in seven.  
b. Overtime should as far as possible be avoided.
6. Each establishment should possess within itself adequate means for adjustment of disputes.
7. All men have a right to associate, provided the resulting collective power is not used to coerce or control others without their consent.
8. Every association, whether of employers or of employees, should be legally answerable for its own conduct and that of its agents.
9. Freedom of individual contract is to be maintained and protected.
10. The open shop shall not be interfered with and the employer shall not be required to deal with those who are not his employees.

<sup>2</sup> Proceedings, p. 243.

11. The strike and lockout shall be permissible in private industry as a last resort, but no strikes in public utility or government service shall be tolerated.

12. Training of industrial workers through apprenticeship systems and extension of vocational education is needed.

No method whereby these principles might be put into operation was suggested, but it was recommended "that such methods . . . be worked out by the individual establishments in conjunction with their employees and by industry as a whole."

These matters, almost all of vital importance and involving issues and questions of policy in which the groups in the conference and the country as a whole had a direct interest, came before the conference in the first two days after the necessary work of organization had been accomplished. On the succeeding days further resolutions continued to be submitted by each of the three groups. From the Public Group, for example, came resolutions touching questions of federal loans for farm buildings, industrial housing, child and woman labor, employment exchanges, salaries of federal civil service employees, profit sharing, as well as several resolutions relating to systems of employee representation. From the Labor Group came a resolution to give employees the right to sit on managerial boards of all public service corporations, and another for a system of free public employment offices. From the Employers' Group, also came an agricultural program involving a lengthy statement of principles and touching many issues affecting the farmers, such as farm production, coöperative marketing, farm organizations, storage and financing of agriculture. Thus, it will be seen that while the conference started with no program and with no idea of the work that it would consider, almost from the first important matters came before it for attention.

Out of this medley of resolutions, declarations, and statements there were two resolutions that came prominently before the Industrial Conference and which became storm centers of discussion. One of these, the first to be presented and the most vexing in character, was the resolution to arbitrate the strike in the steel industry. The second, the one upon which the conference reached an *impasse*, was on collective bargaining. These two will be discussed in the order named.

On the fourth day of the conference Mr. Gompers "on behalf of the Labor Group" offered the following resolution:

Resolved, That whereas the nation-wide strike now in progress in the steel industry of America affects not only the men and women directly concerned, but tends to disturb the relations between employers and workers throughout our industrial life; and

Whereas, this conference is called for the purpose of stabilizing industries

and bringing into being a better relation between employers and employees; and

Whereas, organized labor wishes to manifest its sincere and fair desire to prove helpful in immediately adjusting this pending grave industrial conflict; therefore, be it

Resolved, that each group comprising this conference select two of its number and these six so selected to constitute a committee to which shall be referred existing differences between the workers and employers in the steel industry for adjudication and settlement.

Pending the findings of this committee this conference requests the workers involved in this strike to return to work and the employers to reinstate them in their former positions.

Under the rules of the conference this resolution was passed to the general committee for consideration.

Two days later the resolution was reported back to the conference "without recommendation, two of the groups in the committee having voted a majority against the recommendation, but a majority, in number, of all of the committee having voted in favor of the resolution being reported to the conference."<sup>3</sup> In the committee, the resolution had been amended to the effect that the members of the proposed arbitration committee of six might be selected either from within or from without the conference membership.

Dr. Eliot of the Public Group asked the chairman of the conference, on a point of order, to declare the subject-matter of this resolution not germane to the work of the conference. This responsibility the chairman refused to accept, saying: "It seems to me it must be for you to determine whether or not any matter that is brought before you is germane to the broad question as to how capital and labor can be brought together. . . . It becomes a question of judgment for the conference."<sup>4</sup>

An amendment was then presented by a member of the Public Group stipulating that the conference should merely offer to the parties in the steel strike dispute the services of a committee of six, in case the disputants could find no way of reaching an agreement by themselves. The findings of this committee would be binding—"their decision to be final."<sup>5</sup> This amendment was lost by the unanimous vote of the three groups.

Once more the original steel strike resolution was before the conference. For some reason it always had difficulty in reaching a final vote.

<sup>3</sup> Proceedings, p. 326.

<sup>4</sup> *Ibid.*, p. 353-354.

<sup>5</sup> *Ibid.*, p. 356-357.

It seemed as if some members of the conference avoided it as they would avoid a live wire. The Labor Group alone defended the proposition by arguments and by threats. It was argued that American industry would very soon meet disaster if the steel strike went on, because of the basic character of that industry and that the deadlock could be broken only by such intervention as was provided in the resolution; that the American Federation of Labor was the safest and sanest medium through which to work for creating a general feeling of responsibility in keeping wage contracts and disciplining those who broke such contracts. It was threatened that a defeat of this resolution would certainly result in the radical element among organized labor getting into control and that revolution and anarchy would be sure to follow.

Those who objected to the resolution argued: first, that it diverted the conference from its original purpose; second, that the taking up of the steel strike would prove a bad precedent because other important strikes were in existence with equal claims for attention; third, that this strike had already been considered by the President of the United States; and, fourth, that the strike was at the moment under investigation by a committee of the United States Senate.

A motion to postpone consideration of the resolution was made and lost. For a moment it looked as if the resolution would come to a final vote. The chairman of the conference asked the leader of the Public Group how that group voted on the resolution. A recess was asked for in order that the group might consult on the question. Immediately, a point of order was made that the time had arrived for the conference to adjourn for that day. Once more the resolution escaped a final vote.

When the conference reassembled on the next day, and when the preliminary business was over, the pending steel strike resolution came up again, like Banquo's ghost. Before the chairman could call for a vote the following resolution was offered by the leader of the Public Group:

Moved, that action on the steel strike resolution be deferred until the general committee reports on the question of collective bargaining, and that the general committee be directed to report on this question not later than Thursday afternoon at 2.30 p. m.<sup>6</sup>

This meant that the report should be returned to the conference by 2.30 on the following day.

On this proposal the Public Group and the Labor Group voted in

<sup>6</sup> Proceedings, p. 383-386.

favor, the Employers' Group against. By a ruling of the chairman of the conference, the motion was declared carried, thus preventing the resolution from being passed to the general committee. Much protest arose over this decision of the chairman. Objection, however, was made in vain and the conference adjourned under instruction to the general committee to bring in a resolution on collective bargaining before the steel strike matter was again considered. This resolution, therefore, disappeared from view for the time being.

On the eleventh day, the collective bargaining resolutions having been passed upon, the steel strike resolution came once more before the conference. Once more too an attempt was made to adjourn the meeting before a vote was taken, but was unsuccessful. A vote at last became inescapable.

The Chairman: Is the Public Group ready to vote?

Mr. Baruch: We vote "No."

The Chairman: Is the Employers' Group ready to vote?

Mr. Wheeler: The Employers' Group by the required majority votes "No."

The Chairman: The Labor Group vote?

Mr. Gompers: "Yes."

Thus, finally, the vexing resolution was taken out of the conference.

Why was it so difficult for this resolution to reach a final vote in the conference? Certainly, the Labor Group did not change its position on it. It was consistently favorable. With equal certainty, the position of the Employers' Group did not change on it, for it was consistently in opposition. If there was uncertainty of position, therefore, it was among the Public Group. The record is clear that this group was divided in opinion.

Keeping this "contentious matter" so persistently before the Industrial Conference did much to color the discussion on the collective bargaining resolutions, and it created friction within the conference because it was contentious. It prevented the arrangement of an orderly and logical procedure of business. Almost from the first moment of its introduction, its final defeat was apparent. In spite of these facts, either by design or through mismanagement of the conference itself, it was for long impossible to get rid of the steel strike issue. Certainly, no group in the conference gained any material advantage either from the discussion or from final action on this matter.

Although several resolutions dealing with the subject of collective bargaining had been referred to the general committee, none came before the conference until after the steel strike resolution had been temporarily laid aside by the motion directing the general committee

<sup>7</sup> Proceedings, p. 433.

to report within twenty-four hours on collective bargaining. This report of the general committee was to the effect that no agreement had been reached on a statement of the collective bargaining principle, but that the Labor Group and the Public Group in the committee had voted to recommend a resolution to the conference. The Employers' Group had dissented. By a motion that this report of the general committee, together with the resolution on collective bargaining, should become the report of the conference, the issue of collective bargaining was launched.

In order to understand the relationship of this original, so-called Chadbourne resolution and the substitute proposed by the Employers' Group, they are shown together as follows:

The original resolution  
(called the Chadbourne Resolution).

The right of wage-earners to organize in trade and labor unions, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.

This must not be understood as limiting the right of any wage-earner to refrain from joining any organization or to deal directly with his employer if he so chooses.

The substitute resolution of the  
Employers' Group.

RESOLVED; That without in any way limiting the right of a wage-earner to refrain from joining any association or to deal directly with his employer as he chooses, the right of wage-earners in private, as distinguished from Government employment, to organize in trade and labor unions, in shop industrial councils, or other lawful form of association, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and other conditions of employment is recognized; and the right of the employer to deal or not to deal with men or groups of men who are not his employees and chosen by and from among them is recognized; and no denial is intended of the right of an employer and his workers voluntarily to agree upon the form of their representative relations.

It is to be noted that the first paragraph of the original (Chadbourne) resolution was taken literally from the first three propositions of the Labor Group referred to above, and that the second paragraph (the so-called "Endicott tail") marks the compromise effected in the general committee by the members of the Public Group and the Labor Group. It is to be further noted that the substitute resolution offered by the

Employers' Group adopts the phraseology of the original resolution in so far as it has been possible. A comparison of these two resolutions will show that the essential differences are these:

1. That the substitute resolution states the right of the wage-earner to organize in shop industrial councils or other lawful form of association outside of trade and labor unions.
2. That the substitute resolution distinguishes between private enterprise and public employment.
3. That the substitute resolution states the right of the employer to deal or not to deal with men who are not in his employ.

As the discussion progressed, these three differences stood out more and more clearly.

The Labor Group, while endorsing the original resolution, declared that in the second paragraph they had made the utmost concession possible. The importance of the concession, however, is not readily apparent. For the delegates of the Railroad Brotherhoods who represent a closed union shop industry, this addendum may be considered somewhat of a concession. The spokesmen of the Labor Group declared again and again that no further compromise was to be expected.

The Employers' Group defended their substitute resolution, as against the original, on the ground that the original resolution was ambiguous and would be interpreted as excluding all forms of labor organizations other than trade and labor unions, that it would place the influence of the conference in favor of compelling employers to deal with representatives of trade and labor unions, and that the rights of organization and of collective bargaining under this resolution applied without distinction to government as well as to private employment. They held that, constructively, they granted in their resolution the right to organize, the broad right of collective bargaining, and that in certain industries, the public interest was paramount over private interest. They said, too, that the substitute resolution protected the open shop principle.

The Public Group seemed, at first, to agree with the Labor Group on the Chadbourne resolution. During the discussion in the general committee, however, statements were made by two members of the Labor Group, as reported to the conference, that this resolution would apply to trade and labor unions and to these only. This narrow interpretation caused certain members of the Public Group to shift their position. As a result of this change of opinion in the Public Group, a substitute resolution was offered as follows:

The right of wage-earners to organize in associations of their own choosing,

to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment, is recognized.

This must not be understood as limiting the right of any wage-earner to refrain from joining any organization or to deal directly with his employer if he so chooses.

When it was found that this second substitute resolution found no favor with the Labor Group, a third substitute resolution emanated from the Public Group. This was an evident attempt at compromise with the Labor Group. The only difference between this and the original was the addition, after "trade and labor unions," of the words "and other organizations." The Labor Group, however, would not endorse this. The Employers' Group had throughout opposed these substitute resolutions for the same reasons as applied to the original resolution.

The vote taken on this series of resolutions is of interest. On the substitute offered by the Employers' Group, which first came to vote, the Public Group and the Labor Group stood together in opposing it. On the first substitute resolution offered by the Public Group, the Labor Group stood with the Employers' Group against it. On the second substitute resolution offered by the Public Group, Labor again stood with the Employers against it. When a vote was taken on the original Chadbourne resolution, the Public Group and the Employers' Group voted together against it.

The significance of the voting on these resolutions is important. It showed conclusively that the Labor Group really did intend that the original resolution should be confined to collective dealing between employers and trade and labor unions.

All the resolutions on collective bargaining, as well as the steel strike resolution, having finally been taken from before the conference, the way appeared clear for beginning an orderly procedure of business. When the conference reassembled on the following day, there was read to it an appeal from the President of the United States for a continuance of patience and forbearance on the part of all the groups. It was into this situation that the chairman of the Labor Group once again introduced the collective bargaining issue. He offered the following resolution to the conference:

The right of wage-earners to organize without discrimination, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.

The Chairman waived the rules requiring the resolution to be sent to the General Committee and brought it up at once for vote in the conference. The Public Group and the Labor Group voted in favor of it; the Employers' Group opposed it by a majority of ten to four. Immediately thereafter, the Labor Group withdrew from the conference.

It is apparent from the preceding discussion that the Industrial Conference had before it a great wealth of material with which to deal. Among the resolutions offered were some bearing upon the most vital and far-reaching forces in American industry. It was not, therefore, for lack of work to do that the conference failed to achieve more substantial results. Admittedly, too, it was the time of practical need for a course of constructive action by representative groups of employers and employees. The opportunity for enlightening the general public, for putting before them in a clear, unprejudiced way the essential facts in regard to certain critical phases of industry, was never so great. The opportunity for constructive action was equal to the wealth of material with which to work.

It was, therefore, a great misfortune that the steel strike, in itself a "contentious matter," should have been thrust into the conference almost at the very beginning of its deliberations and should have been kept there so persistently. The Employers' Group and the Labor Group had both presented programs which would readily afford a workable basis for the conference. There might have developed an orderly procedure to well considered constructive issues. Whether there was "politics" in the steel strike measure, or whether the situation developed beyond the control of the chairman or of any group within the conference, may be an open question, but that the measure was from beginning to end a most unfortunate one is beyond doubt.

The collective bargaining issue, like the steel strike, was brought prematurely into the conference. All the members of the Employers' Group contended that no satisfactory discussion of the resolutions on collective bargaining could be had until the preliminary collateral issues had first been discussed. One of the most unfortunate features of the Industrial Conference lies just here. It was impossible for the Employers' Group and the Labor Group to determine how far they might be able to agree on a constructive program for American industry because their way to agreement was blocked by the steel strike resolution and the so-called collective bargaining issue. The experience of the Industrial Conference may well show the futility of calling together such groups without a carefully prepared agenda.

Some good, nevertheless, will arise from the Industrial Conference at Washington. For those who were in attendance and for those who will study with care the opinions presented there on many live issues of the day, there is much of value to be learned. Undoubtedly, for those who participated in the conference, the educational value is considerable. It is also no small achievement to have brought together from various parts of the country a heterogeneous group, like that of the Employers' Group, and to have had them develop a clear statement of principles which in their opinion should govern the employment relation in industry.

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THE COMPUTATION OF LABOR TURNOVER. In the June REVIEW,<sup>1</sup> Paul H. Douglas criticizes the method of computing labor turnover which was recommended by the National Association of Employment Managers at their annual meeting in May, 1918, and since adopted by the United States Bureau of Labor Statistics, and proposes an alternative method.

There are two points involved. First, should the number of separations from the establishment or the number of persons hired to replace these who have left be used as the dividend in the computational process; and, second, should the average daily attendance of employees or the average number of employees on the payroll be used as the divisor. Mr. Douglas advocates the second alternative in either case. In regard to the second, or minor point, I agree with him, but, I believe that his proposed substitution of replacements for separations in the formula is not satisfactory.

His method of computation follows logically from his definition of labor turnover, which is that labor turnover is "simply the number of men hired by a given business unit to take the places of men who have left." "Turnover," he adds, "in this sense is exactly similar to the use of the term by any retail merchant to indicate the disposal of certain units and their replacement by other units. Turnover as such does not begin until replacement occurs." But is this what the term "turnover" means? We should expect it to mean that a unit, whether of merchandise or labor, is turned over when relations with that unit cease. It would not seem to be at all necessary that a new relationship be established with a succeeding unit in order that the first might be said to have been turned over. And, contrary to Mr. Douglas, this seems to be the accepted meaning of the term. Mr. Nystrom, for example, says in his *Economics of Retailing* (p. 181): "Each complete

<sup>1</sup> THE AMERICAN ECONOMIC REVIEW, vol. IX (June, 1919), p. 402.

use of the capital invested in merchandise is known as a 'turnover.'" A recent report of the Employment Manager's Committee of the Atlantic Coast Shipbuilder's Association states that out of more than 200 experts in employment management and others to whom the question was submitted only six dissented definitely from the proposition that the labor turnover cycle ends at the termination of employment and not at the replacement by another employee. It is not stated in this report whether answers were received from all of the persons to whom the query was submitted, but the statement that the "conclusion is overwhelmingly substantiated by nearly all experts in employment management," suggests that the voting was at least sufficient to be representative. Replacement, it seems, has nothing to do with the turnover cycle save to begin a new one. If our process of computing labor turnover is to be in accord with the obvious and accepted meaning of the term, it seems clear that it must be based upon separations, not upon replacements.

Practically, too, the advantage lies with the separations method. The percentage derived by this method is more significant, both to employers and to the public, than the percentage derived by the replacement method. The aspect of this question that the public is most interested in is the degree to which employment is continuous, that is, the degree of stability of the labor force. Dividing the total labor separations at a plant by the payroll will not give an ideal stability index, but it is much nearer to it than if the number of replacements were used instead of the number of separations, if these two should not be equal. The test of instability is separations; replacements depend upon either the desire or the ability of the employer to fill the places left vacant. Failure to fill positions does not give perfect stability to a labor force. Consequently, the replacements method will not tell us what we most wish to know.

Likewise the result of a computation based on the number of separations is much more significant to the employer than the result of a computation based on the number of replacements. If men are laid off, the replacements method will not reflect the pathological condition of the business which makes the decrease in the work force advisable, while it would be indicated by the other method.

Under certain conditions the efficiency of the labor department of an establishment is more clearly indicated by comparing replacements rather than separations with the payroll, for then a failure of other departments which makes necessary the reduction of the force would not be reflected in the resulting percentage. But if the em-

ployer desires to replace those who have left, it is the clearly recognized duty of the labor department to find the needed men. If this cannot be done, the computation on the basis of replacements will not indicate the efficiency of the department.

There seems to be no practical reason why we should substitute the replacement method for the separations method in the labor turnover computation. In other words, there seems to be no reason why the labor turnover computation should not be in line with the meaning of the word "turnover."

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Recent bulletins of the United States Department of Labor have appeared as follows:

No. 254, *International Labor Legislation and the Society of Nations*, by Stephan Bauer (Washington, May, 1919, pp. 135). There are chapters on: International labor protection programs of 1916 and 1917; International regulation of the right of combination, of social insurance, of the protection of children and of females, of working hours, etc.

No. 255, *Joint Industrial Councils in Great Britain* (July, 1919, pp. 207). This contains reports of a committee on relations between employers and employed and other official documents relating to works committees and joint industrial councils.

No. 257, *Labor Legislation of 1918* (June, 1919, pp. 169). This compilation is a summary of state labor legislation made by Lindley D. Clark.

The Working Conditions Service of the United States Department of Labor has reprinted an address by W. M. Leiserson on *Employment Management, Employee Representation, and Industrial Democracy* (Washington, pp. 15).

The Children's Bureau of the United States Department of Labor has issued part 3 of the Administration of Child Labor Laws. It deals with the *Employment-Certificate System of Maryland* and was prepared by Francis H. Bird and Ella A. Merritt (Washington, 1919, pp. 127).

The hearings before the Committee on Education and Labor held in January, 1919, on *Social and Industrial Conditions in the United States* have been printed. This is largely devoted to a statement by Mr. Gompers.

The New Jersey State Chamber of Commerce has published a series of valuable bulletins dealing with various labor problems. Among them is to be noted the issue of July, 1919, on *Shop Committees and Industrial Councils*, prepared by the Bureau of State Research. It analyzes the plans of different establishments which have already put these systems into operation; and the analysis is made more helpful by an appendix of synoptical tables covering the different systems.

The Special Bulletin of the New York Department of Labor for June, 1919 (No. 94) contains *New York Labor Laws Enacted in 1919* (Albany, Bureau of Statistics and Information, pp. 72). This department has also issued a compilation of the New York state *Labor Law with Amendments, Additions and Annotations to August 1, 1919* (pp. 191).

*The Profit-Sharing Plan of Sweet, Causey, Foster & Company* has been printed (Denver, Colo., pp. 14).

The Bureau of Statistics of Massachusetts has compiled the eighteenth annual *Directory of Labor Organizations in Massachusetts* (May, 1919, pp. 65).

Among state reports of labor bureaus the following have been received:

*Second Report of the Industrial Commission of Colorado, 1918* (Denver, pp. 128).

*Twenty-eighth Report of the Bureau of Labor Statistics, 1918* (Hartford, pp. 89).

*Forty-ninth Annual Report on the Statistics of Labor, 1918* (Boston, pt. I, pp. 61; pt. II, pp. 148; pt. III, pp. 95; pt. IV, pp. 54).

*Second Biennial Report of the Commissioner of Labor of Nevada, 1917-1918* (Carson City, pp. 127).

*Twenty-seventh Annual Report of the Maryland State Board of Labor and Statistics, 1918* (Baltimore, pp. 306).

*Sixteenth Biennial Report of the Department of Labor and the Department of Compensation of Nebraska, 1917-1918* (pp. 258, 69).

*Fourteenth Biennial Report of the Bureau of Labor of West Virginia, 1917-1918* (Charleston, pp. 99).

### **Money, Prices, Credit, and Banking**

INTERNATIONAL PRICE COMPARISONS, a highly interesting and trustworthy monograph, has been published by the Department of Commerce of the United States government in coöperation with the War

Industries Board (Washington, 1919, pp. xiv, 395, 25c.). The volume was prepared by Professor Wesley C. Mitchell with the assistance of Margaret L. Goldsmith and Florence K. Middaugh, and is a contribution to the History of Prices During the War as originally planned by the War Industries Board. It aims to compare the rise of prices in the United States and other countries, belligerent and neutral, from 1913 to 1918 inclusive.

The bulk of the report consists of tables of statistics. There are more than twenty text figures or charts embodying the results of statistical compilations and comparisons. Of actual text there are less than fifty pages but these are worthy of very careful examination. Here are outlined the aim, scope, and method of the international price comparisons made; American prices during the war and the peace-time relations between American and European price fluctuations; and the fluctuations of prices in foreign countries and in the United States in 1913-1918. The report contains tables in full of all the prices studied. The tables are arranged by countries and the commodities studied are listed alphabetically. The general trend of price fluctuations as a whole is shown by index numbers.

The conclusions established by the investigation are set forth on page 53 and some of these conclusions are here added:

The extraordinary rise of prices which started in Europe on the outbreak of the war spread over the whole commercial world. Remoteness from the chief scene of conflict did not protect Japan or Australia from a revolution in prices; difference of economic organization did not protect India; the maintenance of neutrality did not protect Argentina. No other development has ever demonstrated so forcibly the strength of the economic bonds that unite all the nations of the globe in a common fortune.

In comparison with this basic similarity, the differences between the price fluctuations that occurred in various countries are matters of secondary importance; yet they merit attention. In England, France, Italy, Germany, Austria, Russia, Denmark, Sweden, and Norway, and even in the distant British colonies of Canada and Australia, a sustained advance began before the end of 1914. India was definitely drawn into the price revolution early in 1915, Argentina and the United States in the latter part of 1915, and Japan early in 1916. Regarding the ultimate degree of the advance, little can be said until figures for 1917 and 1918 become available for all countries. But there is present evidence that in 1915 food prices, at least, rose more violently in Austria than elsewhere; that French prices advanced more than British prices, and Italian more than French; that at least up to the end of 1916 the Scandinavian neutrals were affected in about the same degree as the European belligerents; and that the rise in other parts of the world was less extreme than in Europe. . . . Of the 14 countries studied there are only 2 in which the level of prices was all the time less than in the United States—

India, for which the quotations end with 1917, and Argentina, with which the comparison extends to August, 1918.

As a whole, the report is a mine of useful and first-hand information on a subject of great interest to economists and others at the present time.

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The hearings before the Senate Committee of Banking and Currency on *Incorporating Institutions to Engage in International or Foreign Banking*, held July 23, 1919, have been printed (pp. 28).

The Bureau of Education has compiled in a five-page leaflet a table showing *Increases in Salaries of College Teachers* in three hundred different institutions (Washington, July, 1919).

The National Industrial Conference Board has continued its studies on the cost of living in a pamphlet entitled *Changes in the Cost of Living, July, 1914-July, 1919* (Sept., 1919, pp. 31).

Mr. A. C. Miller, a member of the Federal Reserve Board, delivered in Chicago, September 24, 1919, before the American Association of the Baking Industry, an address on *The Cost of Living Problem* (pp. 20, typewritten).

The *Proceedings of the First Annual Convention of the National Association of Securities Commissioners*, held in 1918, have been compiled by Charles J. Andre, secretary (St. Paul, pp. 64).

#### Public Finance

Among state tax reports are:

*Report of Commissioners of Taxes and Assessments of the City of New York* (pp. 87).

*Tenth Annual Report of the Tax Commissioner of the State of Texas*, 1918 (pp. 91).

*Second Annual Report of the Statistics of Municipal Finances*, prepared by the Wisconsin Tax Commission, 1918 (pp. 24).

The Bankers Trust Company of New York has issued in a small pamphlet, *Extracts from the Inheritance Tax Law of the State of New York* (1919).